OFF-PRICE APPAREL CENSUS

Marshalls: $1.3B in '84?

(Continued from page 27)

While holding to a no-frill presentation, the chain has moved more into current goods, tuned down the percentage of irregulars in most categories and worked to improve its operations over the past year.

A 29% sales gain to $1.06 billion in 1983 from $830 million in 1982 is somewhat smaller than the 34% volume increase reported for 1982 vs. the previous year.

Predictions for an even slimmer 24% volume gain this year indicate executives expect the sales growth to continue to slow.

"With more chains in the off-price business, everybody will have smaller sales gains," explained Frank Brenton, Marshalls president.

While other off-pricers are being forced to select a niche within the industry, Marshalls is sticking to its basic family format that includes ladies', men's, children's, shoes, giftware and jewelry—with only a few adjustments.

"We're still operating with about 60% closeouts," explained Brenton. "The rest is first quality. We are getting away from irregulars, except in domestics. That's the only category where even department stores do well promoting irregulars."

During the past few years, inconsistent supplies of men's and boys' underwear led Marshalls to establish its own "Cadillac line" of no-label items. Otherwise, national brands make up the assortment. After 26 years as an off-pricer the chain now gets 95% of its goods directly from manufacturers and the rest from diverters, said Brenton.

Definite Possibility

One possible presentation change, now being tested in about a dozen Marshalls' stores, is the separation of juniors from the misses assortments. That tactic is used by competitor T. J. Maxx, the industry's No. 2 chain.

The jury is still out on that concept, according to Brenton, who reports simply, "We've found some customers like it and others just don't."

Noting that some 53% of the women in the country are now part of the work force, Brenton said the chain last year began beefing up its efforts in ladies' career wear—particularly in metro areas like Washington, D.C. The business is "wide open, but difficult" explained Brenton, because separates like suits dictate a woman be a "perfect size."

Recent television ads illustrate one way the chain is trying to strengthen its appeal to the working woman. Spots feature a woman wearing a suit and walking through an office, naming Marshalls as the store she prefers to shop.

With the chain's ad budget (2% of sales) now exceeding $20 million, further clustering of stores is expected to increase the benefits. Although strong in TV, about half of that ad budget will continue to go to weekly print ads.

Similarly, operations advancements will also continue to improve Marshalls' bottom line. In the past year, exception reports that spotlight unusual sales activities helped the merchandising staff react more quickly to POS information.

"Only information on items that fall above or below certain norms—15% in either direction—is included in our weekly reports now," said Brenton. "Our buyers and merchandisers can look at about 10% of the paper and find out immediately what the problems are in a store and what the winners are.

"Other data processing systems don't lend themselves to our system of buying, because we can't just replenish items that have sold through."

Noting that the adoption of scanning increased the accuracy of the sales information from 68% to 99% a couple of years ago, Brenton expects the exception reporting system to similarly improve operating efficiency.

A division of Melville Corp., Marshalls' stores average about 30,000 sq. ft.

Plums Still Looking For Right Niche

Dayton Hudson's year-old off-price apparel entry, Plum s, was originally tagged "The Elegant Discounter," but the chain is still struggling to find its focus among the other off-pricers. *(DSN photo)*

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HOME IMPROVEMENT

Consumer Intent-to-Buy Survey

% planning to buy a:	of which, . . .% are families rather than single-person households	Age of household head (%)			Type of purchase (%)		
		under 40	40-60	60 and over	first purchase	replacement purchase	extra purchase
Chain saw 4.2	72.9	53.1	30.5	16.4	46.2	34.9	18.9
Power string trimmer 3.1	66.9	49.3	32.4	18.5	52.9	34.2	13.0
Power leaf blower 1.2	55.1	34.7	49.0	16.3	69.6	13.0	17.4
Snow thrower 2.1	59.1	38.6	41.0	20.5	65.1	20.5	14.5
Rider mower 2.6	82.9	55.8	27.9	16.2	39.8	49.1	11.1
Power lawn mower 6.2	70.1	49.1	32.6	18.4	23.4	63.1	13.5
In-ground sprinkler 1.5	77.8	54.0	36.6	9.5	69.0	10.3	20.7
Roto-tiller 1.8	74.0	45.5	33.8	20.8	45.2	34.3	20.6
Garage door opener 3.8	76.3	45.0	31.3	23.8	76.3	9.6	14.1
Electric bug killer 5.1	76.2	54.2	32.2	13.6	85.2	4.9	9.9
Car battery charger 2.8	62.2	54.6	22.7	22.7	41.6	38.9	19.5
Generator 0.8	64.7	58.8	32.4	8.8	68.8	18.8	12.5

Source: Industrial Marketing Research Inc.

Bug Killers, Chain Saws, Mowers Hot

HINSDALE, Ill.—When chains merchandise lawn and garden departments for the spring season, they should gear up for particular sales strength in power lawn mowers, electric bug killers and chain saws.

That's one conclusion of the new quarterly Continuing Consumer Intent to Buy Survey, conducted in 1983's third quarter by Industrial Marketing Research Inc., Hinsdale. A total of 4,225 respondents comprised a high 77% usable response rate. Intent-to-buy is considered a leading indicator of probable market trends, IMR said.

By a wide margin, the garage item consumers intended to buy most was a garage door opener. It was cited by 160 persons, or 3.8% of those surveyed, compared with car battery charger's 2.8% level of mention and generator's 0.8%.

Power lawn mower sales should be largely a replacement business, according to the survey. A whopping 63% of those planning to buy a power lawn mower said it would be a replacement; 23% a first buy, and 13% an extra unit.

Electric bug killers, however, will be attracting hordes of first-time buyers, more than 85%. Chain saw sales would split more evenly: 46% as a first buy, 35% as a replacement and 19% as an extra unit.

Slightly more than half the purchasers of the three leading lawn and garden items are under 40 years old, said the survey, and roughly three-quarters represent families rather than single-person households.

Power string trimmers, rider mowers and snow throwers were the items cited next most frequently by those surveyed. Trimmers were named by 130 persons, or 3.1% of the sample.

Suggesting continued sales inroads that trimmers and snow throwers could make, more than half the planned purchases were by first-timers. Conversely, half the riding mower sales were meant to replace older units.

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Youth-Oriented, Active Looks to Highlight MAGIC Show

(Continued from page 7)
will have to reinterpret the styles for their East Coast and Midwest markets and also find room in their stores to feature the youth-oriented fashions.

Both Ames and Hills reported current in-store tests of new presentations in young men's. Richway's soft lines vp Ira Bodker said his chain had broken out a separate buying budget for young men's apparel for the first time this year.

Activewear, which dominates men's, young men's and boys', is still high on merchandisers' lists this year. In active looks for sports participants and spectators, the spring MAGIC show is where discounters plan to get direction on fabrications and colors for the back-to-school season.

Summer goods, bought for immediate delivery to fill in assortments, as well as items for test runs, will be ordered at the show by some buyers.

Ames soft lines vp Steve Silver said goods from the spring MAGIC show could add up to some 15% of his apparel buys for the year. As his chain's focus on young men's and active looks sharpens, he said that California resources' contribution could double to 30% of all apparel categories next year.

This year, goods for tests as well as fill-ins will probably be bought at the show, Silver explained. The show is also considered a good place to buy transitional summer/fall items, he added.

For Zayre merchandise manager Steve Jacobson, the MAGIC show is an opportunity to get "the feel of the young men's market" and find buys of activewear looks that overlap men's, young men's and boys' categories. Zayre is currently testing parachute and camouflage styles in Southern markets, said Jacobson.

Like Zayre's Jacobson, Target senior vp, gmm soft lines Robert Floum is going to Los Angeles to take a pulse of the market more than to place orders. "We use the show to look at trends of the upstairs markets and get an idea of what can be applied to our stores," Floum explained.

He added that the current import situation had forced his chain to place some back-to-school orders early this year. But, like most other discounters, Floum has left room to react to trends he hopes to pick up at the show.

New Designer Depot Section

(Continued from page 7)
K mart's upscale off-price division.

Bed-and-bath departments will be opened in existing and new Designer Depot stores located in high-traffic or densely populated markets where stores can be clustered, according to Donald Abrams, Three D Departments president.

The leased sections will be larger than the 2,500-sq.-ft. domestics departments tested in Designer Depot stores.

Abrams said that his company's bed-and-bath assortment included items for the kitchen—cookware, soft goods and some gifts—in addition to the comforters, sheets, curtains, towels and hard bath accessories included in the Designer Depot test departments.

The Hartford-based Three D Departments reported sales of about $51 million for 1983. It operates some 50 leased departments as well as 28 specialty stores.

Richway Beefs Up Home-Decor Fashion

(Continued from page 6)
All front-of-the-store tables have been removed even though "we know we stand to lose some volume sales without them," according to Jack Heilpern, vp, stores.

Domestics is among the areas benefiting from this refixturing. On March 1st, the bargain tables were removed to make way for gondola fixtures and departmental expansion.

The new fixtures will be 72 in. high, and other runs in the area will be raised to 66 in. A color-ribboned towel wall will be added to the area for focus; new merchandise will also be added, like higher-count percale sheets in linens.

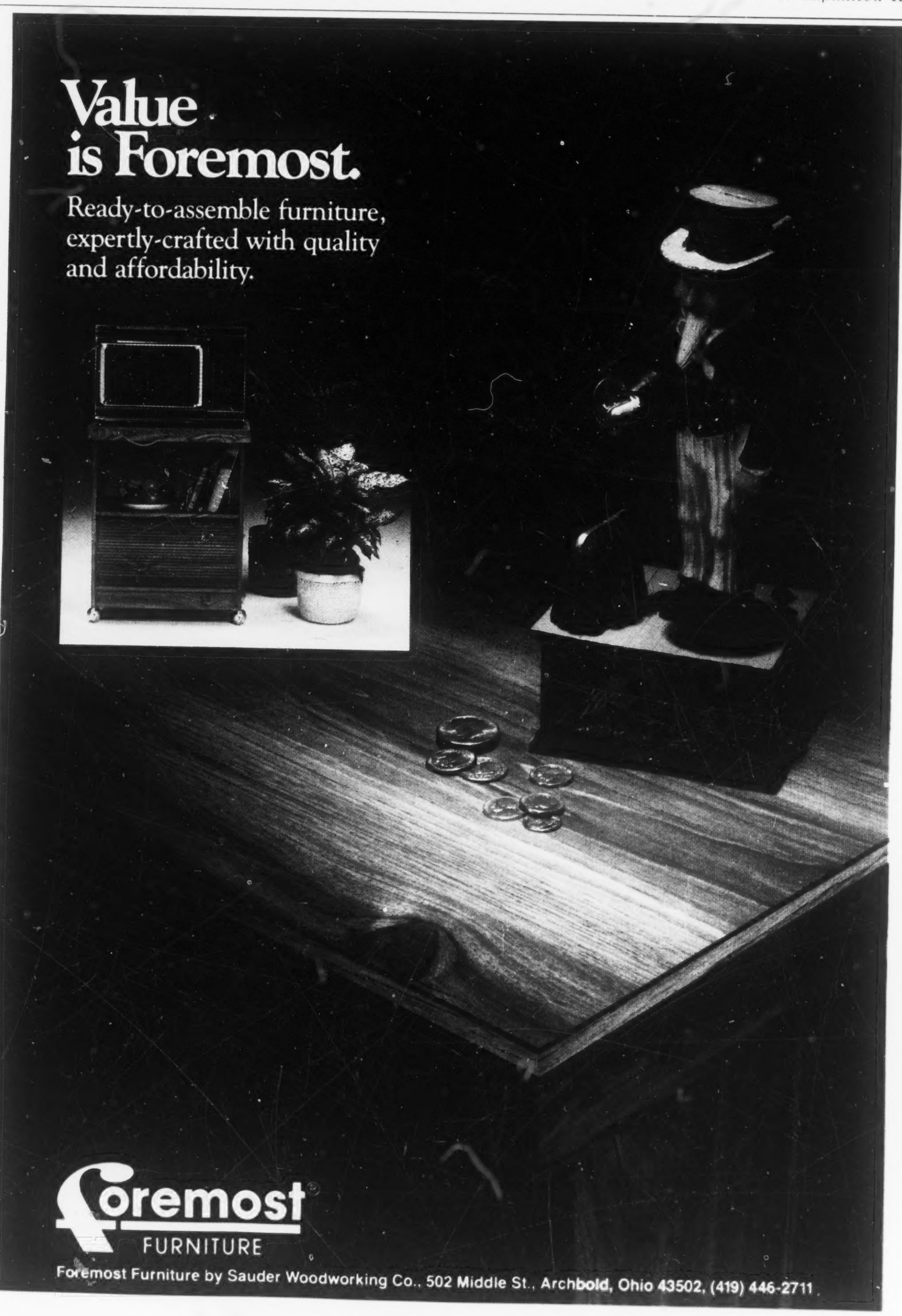
"We're going after more impact and what I think will be a more appealing display," said Bodker.

In hardware, Richway is looking for growth by offering several new decorative DIY product lines.

KD furniture "is a brand new category for us," said Walt Sandlin, hardware and paint buyer. "We're adding seven sku's of unpainted KD furniture—four desks, two cabinets and a chest of drawers." The high end of this line will be a roll-top desk for $179.99.

In the same vein, Sandlin expects to expand his Olympic stain program.

Further additions to the home decor DIY hardware program include a chainwide test of Borden's Walls & All wallpaper line in good-better-best assortments priced, respectively, at $19.99, $24.99 and $29.99 per roll. "This is the only line we carry and we have no plans for another," said Sandlin.



'83 Biz

(Continued from page 6)
14.5% for the year.

In the current year, Ames will continue a brisk opening schedule with 12 new units on the boards and remodels at 24 others, according to chairman Herbert Gilman. The Connecticut-based chain now operates 168 stores in 10 states.

Wal-Mart's ambitious expansion and sales plans came in slightly higher than expected with volume of nearly $4.7 billion and 91 new store openings. As late as the end of the first half, chairman Sam Walton estimated sales would be $400 million less—growing to $4.3 billion from the previous year's $3.4 billion.

The chain's year-end figures don't include volume from its three Sam's Wholesale Clubs and newly launched DOT Discount Drug operations.

Comparable-store sales grew 15%, according to the chain.

Bradlees' southern push into the Washington, D.C., market helped its sales grow to nearly $1.2 billion for the year.

Those 10 openings were buttressed by 11 others in buildback markets.

Comparable stores produced a steady 10% growth over the previous year's $876 million volume.

The nation's No. 1 discounter, K mart, reported an overall sales gain for the year of nearly 11%, pushing its volume to nearly $18.6 billion on the eve of a major merchandising and marketing facelift. Volume stood at almost $16.8 billion in the previous fiscal year.

Only one loser emerged from among the top 10 publicly traded discounters; T.G. & Y.'s reporting division, Household Merchandising, reported a slight eight-tenths of 1% drop in sales for the year, posting volume of $5.3 billion. Sales the previous year were $4 million higher.

Luria To Get Medal

MIAMI BEACH—State of Israel Bonds will present the Israel Prime Minister's Medal to Leonard Luria of L. Luria & Son at a national catalog industry dinner May 30 at the Fontainebleau-Hilton Hotel here.

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MARCH 19, 1984

K mart and Hechinger To Open Warehouse Home Centers Jointly

NEW YORK—K mart made its long-awaited entry into the warehouse home center field by teaming up with a home center specialist, Hechinger, instead of buying an existing warehouse-type operation or starting one.

The discounter and Hechinger, Landover, Md.-based traditional home center chain, jumped into the burgeoning warehouse home center field by launching a joint venture called The Home Team.

Its first three units, about 80,000 sq. ft. each, will open in Chicago this summer, two in ex-K marts and a third in a former Woolco.

K mart chairman Bernard M. Fauber said The Home Team would have to generate $1 billion in volume to make an impact on the discounter's balance sheet. He indicated that this volume would be reached in about three years from about 50 stores.

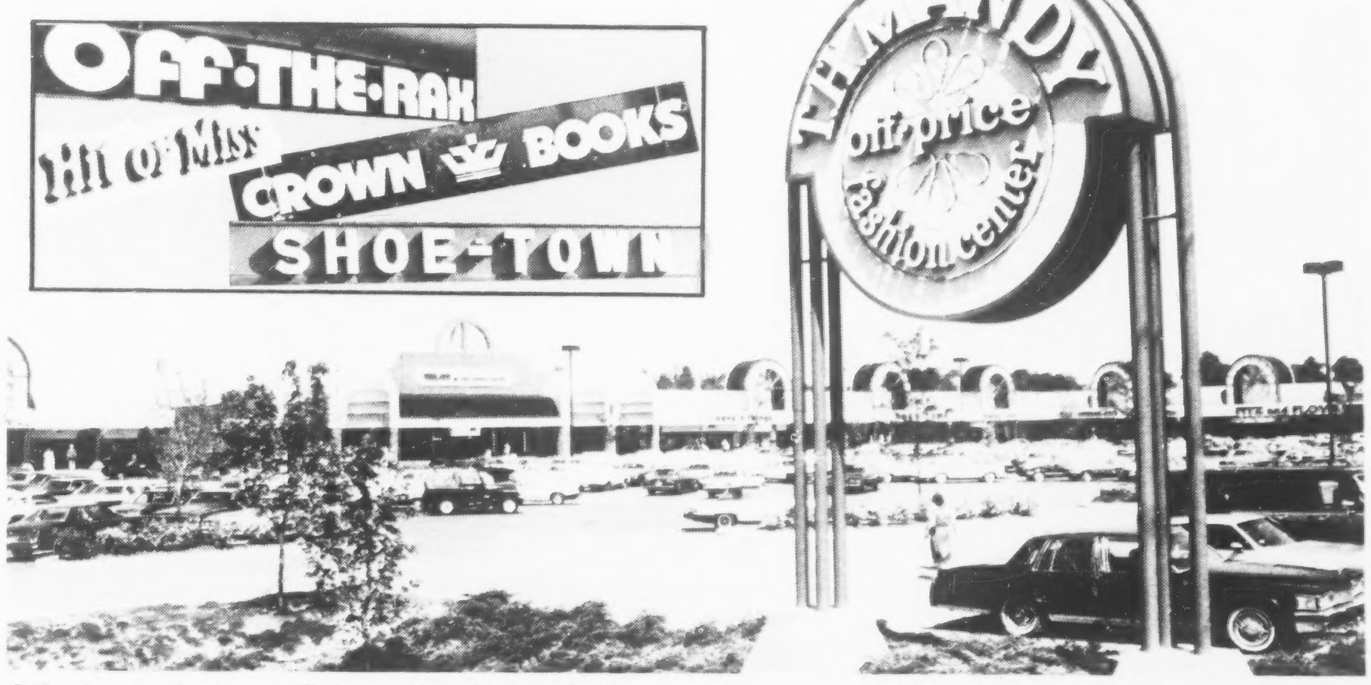
The discounter's undisclosed capital investment in The Home Team would be greater than in the Garment Rack, its recently launched off-price apparel chain, and "I expect in time would be greater than for Designer Depot [which is K mart's major thrust in the apparel specialty store field]," he added.

The Home Team president Stephen E. Bachand, who had been Hechinger's senior vice president, finance, said the new chain's gross margin "would be significantly lower than conventional home centers and higher than the Price Club [a general merchandise warehouse chain]."

(Continued on page 74)

IN BRIEF

- **COOK UNITED CONTINUED ITS RETRENCHMENT BY** closing 41 stores (53 remain) and three warehouses (two remain). At the same time it obtained an additional $12.5 million in bank financing. Also, the banks extended a $20 million revolving credit agreement to April 1986 and waived all payments due this year on a term loan.
- **SEN. DALE BUMPERS (D-ARK.) WILL BE THE GUEST** speaker at the National Association of Catalog Showroom Merchandisers' annual banquet April 8 at the Ambassador West Hotel in Chicago. A member of the Small Business, Appropriations and Energy Committees, he has been cited as a possible Democratic Party candidate for vice president.



Off-pricers cluster in Chicago's suburbs. In Downers Grove, a T. H. Mandy center adjoins recycled Finley Square Mall for a total of nearly 400,000 sq. ft. of off-price retail space. **Inset:** Diversified mix banks on one-stop shopping to draw Chicagoans for apparel, shoes, domestics, housewares, books and eyewear.

Off-price Chains Mushroom, Seek Niche in Chi Suburbs

By AL HELLER

CHICAGO—The onslaught of off-pricers here during the past two years is transforming the suburbs into an apparel battlefield.

At stake is 15% to 20% of Greater Chicago's apparel business—two to three times the national average—which major off-pricers feel they can snare from department and specialty stores in this market.

Problems faced by off-pricers in Chicago typify what's happening in some of the nation's hottest off-price markets, such as parts of Texas, California and Florida, according to off-pricers polled by *DSN*.

The roster of national and regional off-pricers who have blown into the Windy City has roughly doubled since 1982, and developers expect more of the same through 1986. Chain plans confirm this.

[Chicago's retail fervor is affecting many classes of trade. Saks Fifth Avenue and Neiman-Marcus have opened downtown, and Bloomingdale's is coming. This year Mainstreet will land in the city's suburbs, where the K mart-Hechinger venture will concentrate its initial stores.]

K mart's Designer Depot has one 32,000-sq.-ft. store in the Niles suburb and said it would like 10 in the Chicago market. U.S. Shoe's Front Row, with two 50,000-sq.-ft. units here, has agreed to coanchor a planned 400,000-sq.-ft., off-price mall in Rolling Meadows. Northeast Apparel is currently debuting its Show Off and Dimensions stores here. Syms has agreed to purchase a 5.5 acre site for its first venture here, a 71,000-sq.-ft. store set to open

(Continued on page 73)

Doll Outlook Bright, Except For Deliveries

By LARRY CARLAT

NEW YORK—New products and clever marketing of last year's doll winners have discounters only mildly optimistic because the main concern is still, "Can we get product deliveries?"

An interesting "Catch-22" has sprouted as manufacturers asked buyers to place orders earlier to give them more lead time while buyers insisted manufacturers prove themselves before investing megadollars.

Super-licenses Cabbage Patch by Coleco and Kenner's Care Bears were scare, to say the least, and buyers were reluctant to tie up their budgets in products they may never see.

"I'm reluctant to spend another dime with Kenner until they show me they can live up to their commitments," said Heck's buyer Bob Kuhns, speaking for many discounters.

Kenner doesn't disagree.

"We can understand retailers being justifiably wary. This year, we're faced with merchants wanting to make sure we deliver," said a spokesman for the company. He cited difficulties in obtaining plush materials in the Orient and the influx of late orders from retailers as causing the major roadblocks. The company will be better geared to accommodate orders this year, according to the spokesman, and is hoping mass merchandisers will place orders earlier.

"We've seen pressure from suppliers to commit early. I think there will be merchandise on the shelves much earlier this year," said Steve Springer, buyer for Ames. "It's easier to commit this year. Last year I felt we were reacting. This year, both the manufacturer and the retailer have a better understanding of product potential, so we're acting, giving the manufacturer longer lead time."

Several other buyers still questioned an early commitment.

"Just because we place early orders doesn't necessarily mean the manufacturer will guarantee full deliveries," said a West Coast buyer.

If supply problems are solved, most mass merchants see last year's champs continuing their domination.

Although Coleco hiked Cabbage Patch Kids another dollar, bringing the wholesale cost to $23.50, the doll, along with its new entries, is expected to lead the way.

The introduction of Cabbage Patch "Preemies"—infant Cabbage Patchers, ranging in age

(Continued on page 73)

Top Licenses, Trivia, Robotics Help Make Toy Buyers Bullish

NEW YORK—Stepping back into the past and playing with the future are the two trends that will dominate the toy industry this year.

The strengthening of last year's super licenses, along with the introduction of two new categories—trivia and robotics—have discounters feeling upbeat about 1984.

Coming off an explosive Christmas season, many mass merchandisers are entering the year with empty shelves—a relative novelty—and all signs are indicating full speed ahead.

Tremendous manufacturer support is slated for toy staples and new products, and the continued trend of themes behind toys will be positively exploited.

Also, buyers say the largest crop of "quality" new entries in recent years was introduced at Toy Fair. Price points, except for a few distinct exceptions, appear to be stable and viable.

(Continued on page 10)

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Digest

March 19, 1984

BACK-TO-SCHOOL

- **Discounters planning their** back-to-school merchandising are trying to widen the tie-in area to include more consumer electronics and H&BA (section, pp. 35-61).

STATIONERY

- **Cost hikes expected in filler** paper are expected to rub a bit of the lustre from that promotional leader, with an increased push likely for theme books (supplement, pp. 39-54).

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